

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
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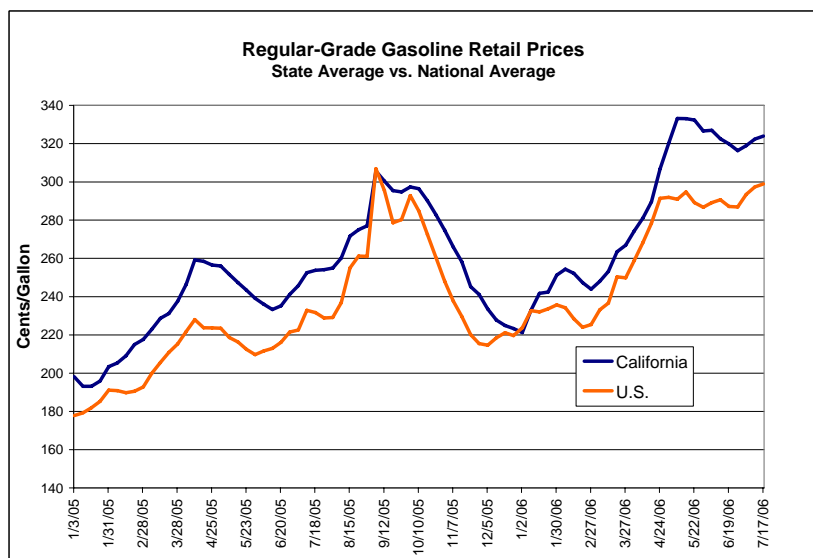
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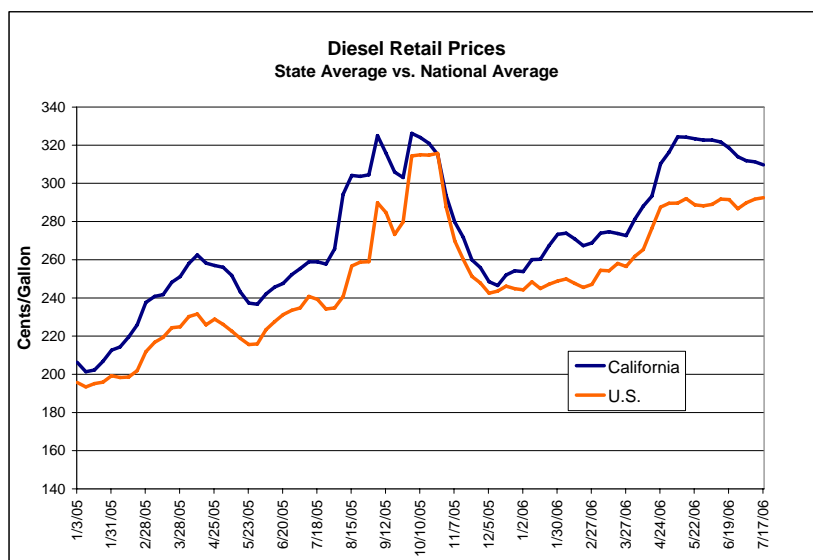
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****July 21, 2006*****Retail Gasoline and Diesel Prices on July 17***

- The average statewide **retail price for regular-grade gasoline** increased by 2 cents per gallon this week to \$3.24 per gallon and is now only 9 cents less than the record high of \$3.33 on May 8.ⁱ
- The difference between California and U.S. retail gasoline prices was unchanged from the previous week at 25 cents per gallon.



- The average California **retail diesel price** decreased by 1 cent from the previous week to \$3.10 per gallon. At the same time, the U.S. retail diesel price increased by 1 cent to \$2.93 per gallon, and the difference between California and U.S. prices fell to 17 cents per gallon.



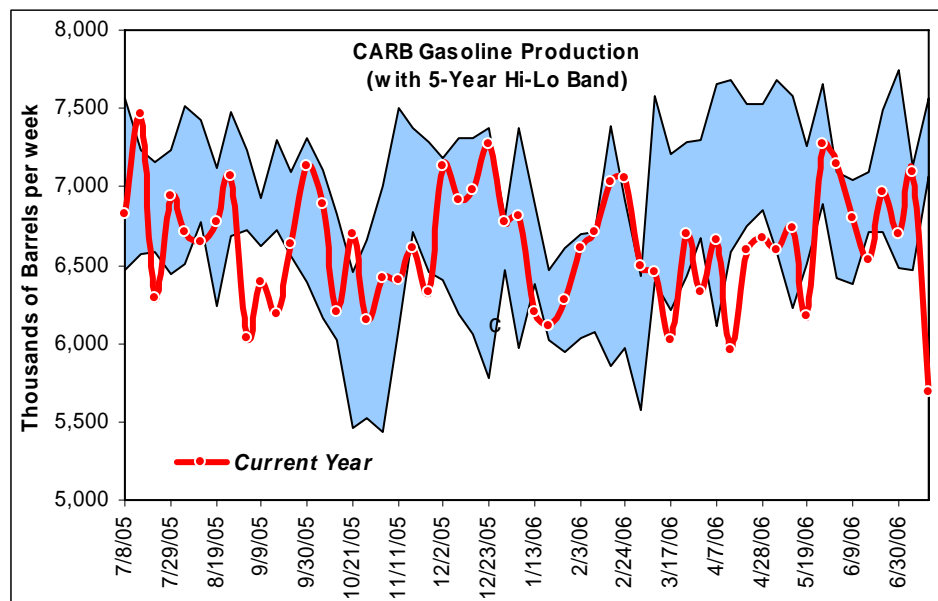
Wholesale Gasoline and Diesel Prices on July 18

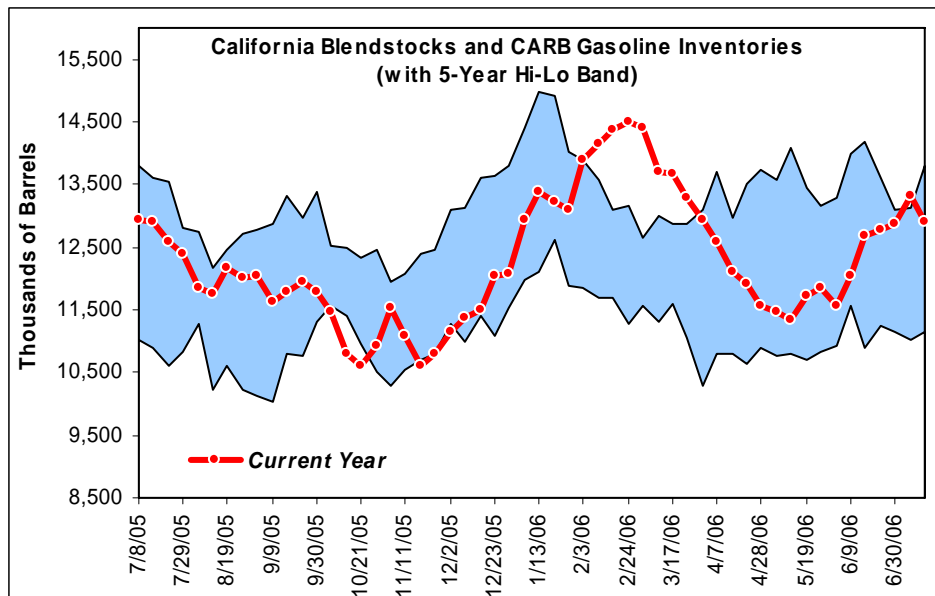
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) peaked at \$2.54 during last week due to higher crude oil prices and then settled at \$2.49 per gallon, the same as on July 11. Prices are 48 cents lower than the record high of \$2.97 on May 2, but 93 cents more than the 2006 low of \$1.56 on February 14.
- Despite decreased gasoline production reported for California last week, California RBOB spot prices returned to levels of July 11 as oil prices have dropped since peaking Friday, July 14, and gasoline demand has declined slightly.
- The difference between spot prices for RBOB in California and New York Harbor decreased from last week to 14 cents per gallon, while the difference compared to the Gulf Coast fell to 4 cents, 4 cents less than on July 11.
- California spot **wholesale low-sulfur diesel prices** also followed crude oil prices moving higher and then back down during the latest week, ending at \$2.15 per gallon, the same as on July 11. This is 53 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices this week dropped well below Gulf Coast prices, falling to 12 cents less in Los Angeles, the most that California prices have fallen below the Gulf Coast since October 2005.
- The difference between California gasoline and diesel settled at 34 cents more for gasoline, 1 cent less than on July 11.
- The Energy Information Administration (EIA) weekly assessment for July 14 reports that **U.S. gasoline demand** fell 0.5 percent from the previous week, while distillate

demand also fell 0.5 percent. However, the four-week average demand for gasoline is 9.59 million barrels per day, 1.3 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.14 million barrels per day, 3.7 percent more than last year.

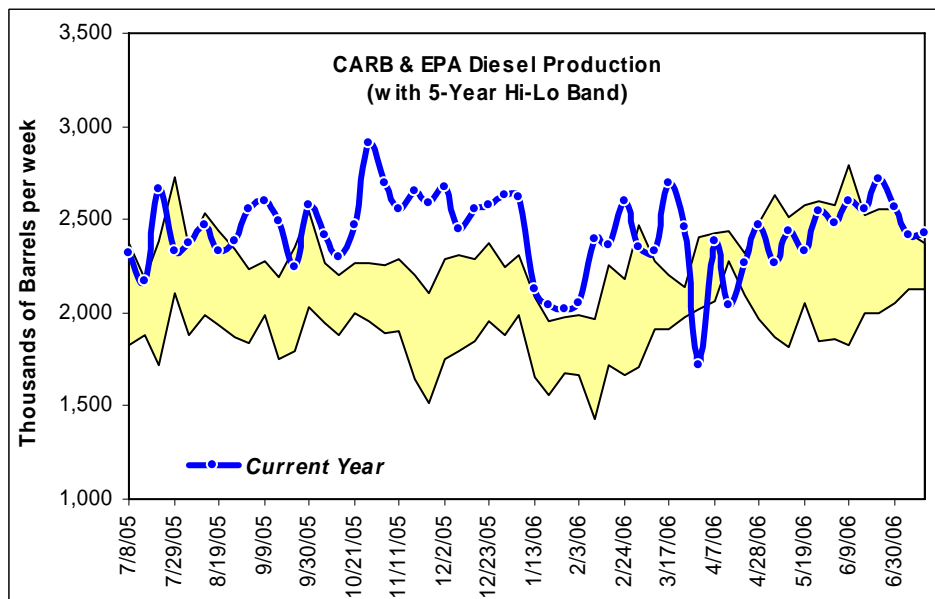
Refinery Production and Inventories

- **Reformulated gasoline production in California dropped to its lowest level since March 2005.** Production during the week ending July 14 plunged almost 20 percent from the previous week to 5.7 million barrels due to unplanned refinery unit outages, scheduled maintenance, and a shift to producing blendstocks instead of finished gasoline.ⁱⁱ
- With the precipitous decline in gasoline production, California reformulated **gasoline inventories** fell 12.6 percent from the previous week. However, gasoline blendstock inventories rose 4.3 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **fell only 3.1 percent** to 12.9 million barrels and are still relatively high compared to the five-year range.
- U.S. gasoline inventories unexpectedly grew by 1.5 million barrels to 214.2 million barrels as of July 14. Higher production and a small weekly decline in demand were primarily responsible for the build-up of gasoline stock. Most of this inventory increase was in the Northeast and Gulf Coast, while total West Coast gasoline inventories declined.

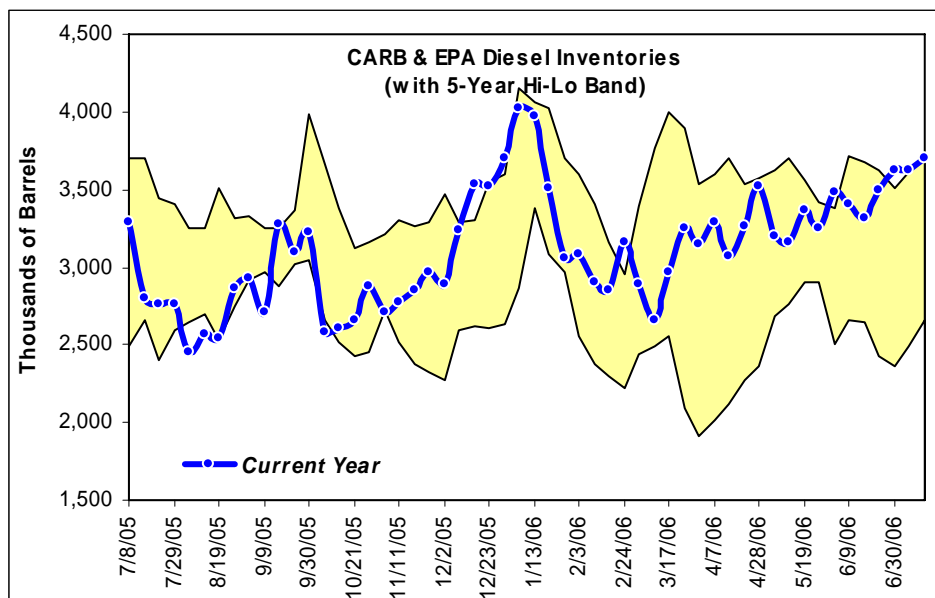




- California low-sulfur **diesel production** during the week ending July 14, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, grew slightly from the previous week to 2.43 million barrels despite unplanned outages and scheduled maintenance affecting refinery distillate units. Output remains at the upper end of the five-year range for the week and exceeds year-ago levels by 12 percent.

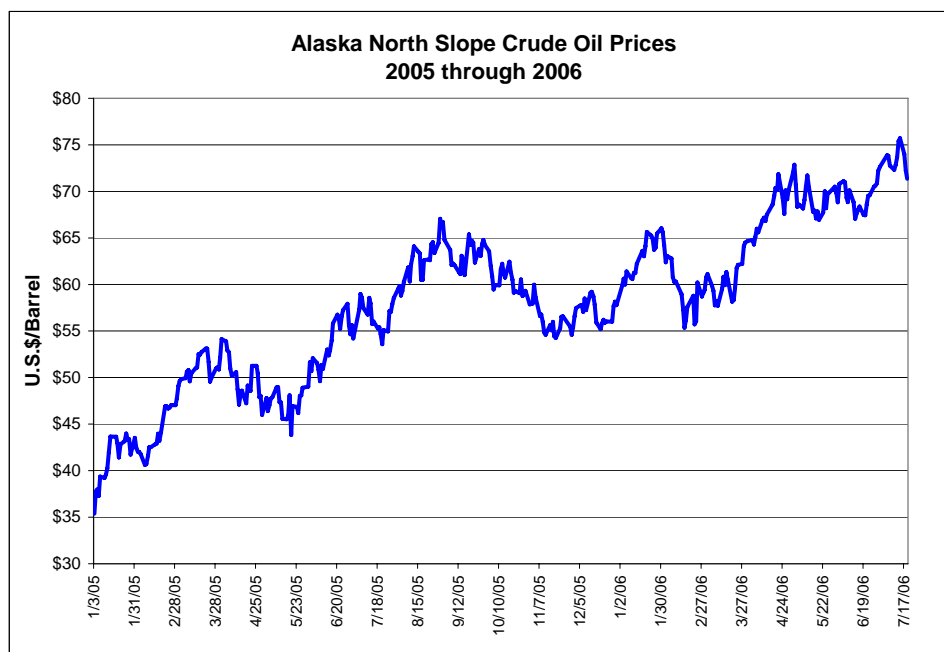


- With production slightly higher, combined low-sulfur **diesel inventories** in California increased 2.2 percent from the previous week to 3.71 million barrels and remain at the upper end of the five-year range. Total U.S. distillate inventories as of July 14 increased to 131.1 million barrels, 1.2 million barrels higher than the previous week, with most of the increase in the Northeast.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, set a new record high during the latest week, reaching \$75.73 on July 14. This increase was due to ongoing geopolitical turmoil and a large drop in U.S. crude oil inventories reported last week. Crude oil prices were particularly sensitive to the open warfare between Israel and Hezbollah militants in Lebanon, but pipeline bombings in Nigeria, a stoppage to pipeline shipments from Iraq's northern oil fields, and the ongoing Norwegian oil workers' strike also helped push prices up. Since then reports have surfaced that Iran was responding positively, if slowly, to the package of incentives offered by European Union negotiators to constrain Iran's nuclear program. Following this week's reported U.S. inventory builds in crude oil and products, ANS oil prices retreated to \$71.36 per barrel as of July 19.ⁱⁱⁱ



- Despite substantially increased crude oil inputs to refineries, U.S. commercial crude oil inventories as of July 14 rose slightly by 151,000 barrels to 335.5 million barrels. A large rebound of 1.08 million barrels per day in crude oil imports from the previous week was the primary cause. Stocks are 15.4 million barrels higher than last year and 29.9 million higher than the five-year average for the date.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.